
OUSD(A&T) Initiatives Update

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*8th Annual International Cost Schedule
Performance Management Conference*

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OSD Initiatives

- MIL-HDBK-881 “Work Breakdown Structures Handbook”
- Electronic Data Interchange
- Contractor Cost Data Reporting
- Project Management Tools
- Earned Value Ownership
 - » Department of Defense
 - » Industry



MIL-HDBK-881: Background

- Specs & Stds cancelled June 1994
- Defense Stds Improvement Council-
December 1994
 - » Approved retaining MIL-STD-881B
 - » Until replaced by a guidance document
- Support contractor named in 1995

MIL-HDBK-881: Status

- Cited in DoD Regulation 5000.2-R
 - » “Bridge Policy” in Deskbook
 - » MIL-STD-881B remains in effect
- September 1996 Handbook Draft
 - » Mandatory for Program WBS
 - » Guidance for Contract WBS
- Coordinate in near future

Electronic Data Interchange: Background

- EDI is Federal Government policy
- Implications seen by DoD in late 80's
 - » Worked with NSIA
 - » Formed working group
 - » Incorporated in Performance Analyzer
 - » USD(A&T) Policy Memo Jan. 95
 - Mandatory for new contracts (CPR or C/SSR)
 - Incorporated in Data Item Descriptions

Electronic Data Interchange: Status

- Successful early implementation
 - » Shipyards
 - » V-22 at Boeing Helicopters
 - » Encourage contractor participation
- Implementation Conventions
 - » 839 (Cost), 806 (Schedule), 196 (CCDR)
- “Getting Started” Handbook issued

Contractor Cost Data Reporting: Background

- CCDRs a problem-
 - » 1991 DoD/Industry TQM Report
 - » DoDIG Report
 - » 1991-94 OSD RFP reviews
- Excessive WBS definition
 - » “WBS vs. IPT”
- Too many reports, too much detail

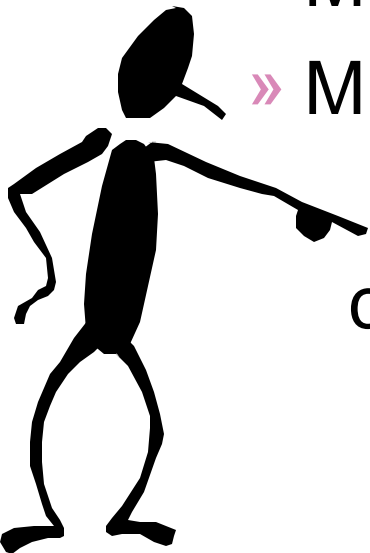
Contractor Cost Data Reporting: Status

- Study by Institute for Defense Analyses
- Requirement reaffirmed after review
 - » USD(A&T), SAEs, DUSD(AR), D(PA&E)
- USD(A&T) Policy Memo Jan. 18, 1996
 - » Fewer reports in less detail and less often
 - » Central office for oversight
 - » IPTs involve contractors when appropriate

Contractor Cost Data Reporting: Status Cont'd

- OSD PA&E “high priority;” encourages inquiries from anyone
- Points of contact-
 - » Mr. Gary Bliss (703) 695-4348
 - » Mr. Tom Coonce (703) 697-0374

cooncet@paesmtp.pae.osd.mil



Project Management Tools

- Risk management
 - » IDA study--Risk Analysis & Cost Mgmt.
- NAVAIR initiatives
 - » PEO(A) and PEO(T)
 - » In-house Earned Value
 - » IBR process
 - » Integrated Technical Performance
- Performance Analyzer & COTS software



DoD Earned Value Ownership: Background

- Briefed Mr. Longuemare January 1994
- SAE meeting September 1994
- Executive Steering Group named
- Dr. Kaminski letters January 1995
 - » Support 1993 “Model Program” initiative
 - » SAEs: Take ownership
 - » Industry: Accept responsibility
 - » DoD: Encourage value-added changes

DoD Earned Value Ownership: Background Cont'd

- C/SCSC reaffirmed
 - » USD(A&T): “Tool of choice” Oct. 1995
 - » DoD 5000.2-R issued March 15, 1996
- USD(A&T) Dec. 1995 Memorandum
 - » Change C/SCSC implementation structure from PMJEG to DCMC Executive
 - Simplify review & acceptance process
 - Encourage responsible, timely innovation

DoD Earned Value Ownership: Status

- SAEs took ownership in 1994
- June 1996 SAE meeting with USD(A&T)
 - » Strongly endorsed reforms, especially the Integrated Baseline Review process
 - » Air Force proposed assigning C/SCSC “compliance responsibility” to DCMC
 - » DCMC agreed to accept responsibility

DoD Earned Value Ownership: Status Cont'd

- 3 alternatives offered to USD(A&T):

- (1) Transfer compliance and 1 billet per Service



- (2) Transfer compliance without billets; API to provide for budget adjustments

- (3) Do not transfer compliance

- All Services concurred with Alt. 2

- USD(A&T) signed Memo Oct. 1, 1996

Compliance Responsibility Memorandum

- DCMC assume responsibility as soon as possible, not later than end FY 1997
- Dir, API take necessary budget actions
- Emphasize data integrity for PMs
- Applies to C/SCSC compliance reviews
 - » Not to IBRs and related PM support
 - » Components implement earned value
 - » DCMC improve support to program offices

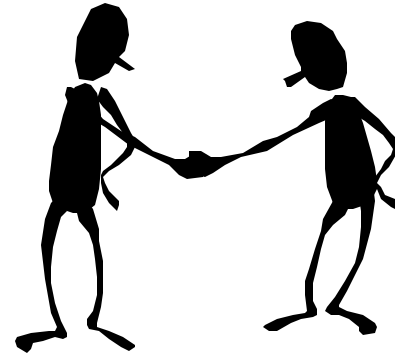


Whose Idea Was This?

- The idea is not new-
 - » Recommended by DoDIG in 1993 report
 - » OSD did not agree
 - » DoDIG agreed to forbear
- So why is it OK now?
 - » Earned Value accepted throughout DoD
 - » DCMC ready to take it on
 - “Center of Excellence”

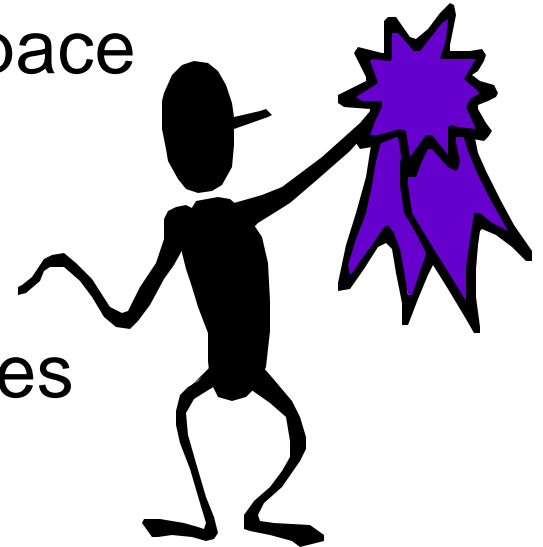
Industry Earned Value Ownership: Background

- Long history with NSIA
 - » ADL Study
 - » TQM Study
- Mr. Longuemare Sep. 94 letter to NSIA
 - » Offered partnership for industry standard
 - » Possible ISO 9000 approach
- 1st meeting in Phoenix, April 18, 1995



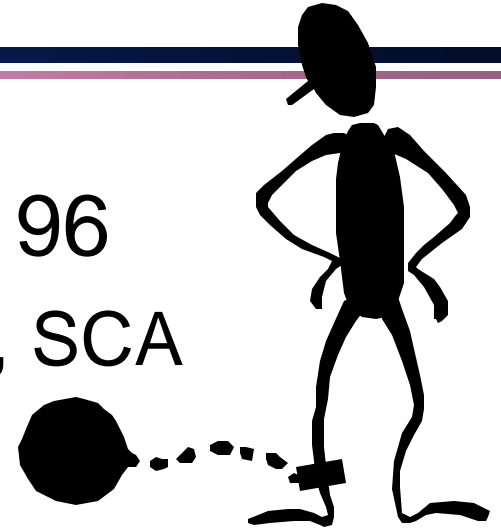
Industry Earned Value Ownership: Status

- Industry accepting responsibility
 - » Boeing Defense & Space Group
 - » Lockheed Martin Missiles & Space
 - » McDonnell Douglas
 - » Northrop Grumman
 - » General Electric Aircraft Engines
 - » and many more...



Industry Earned Value Ownership: Status

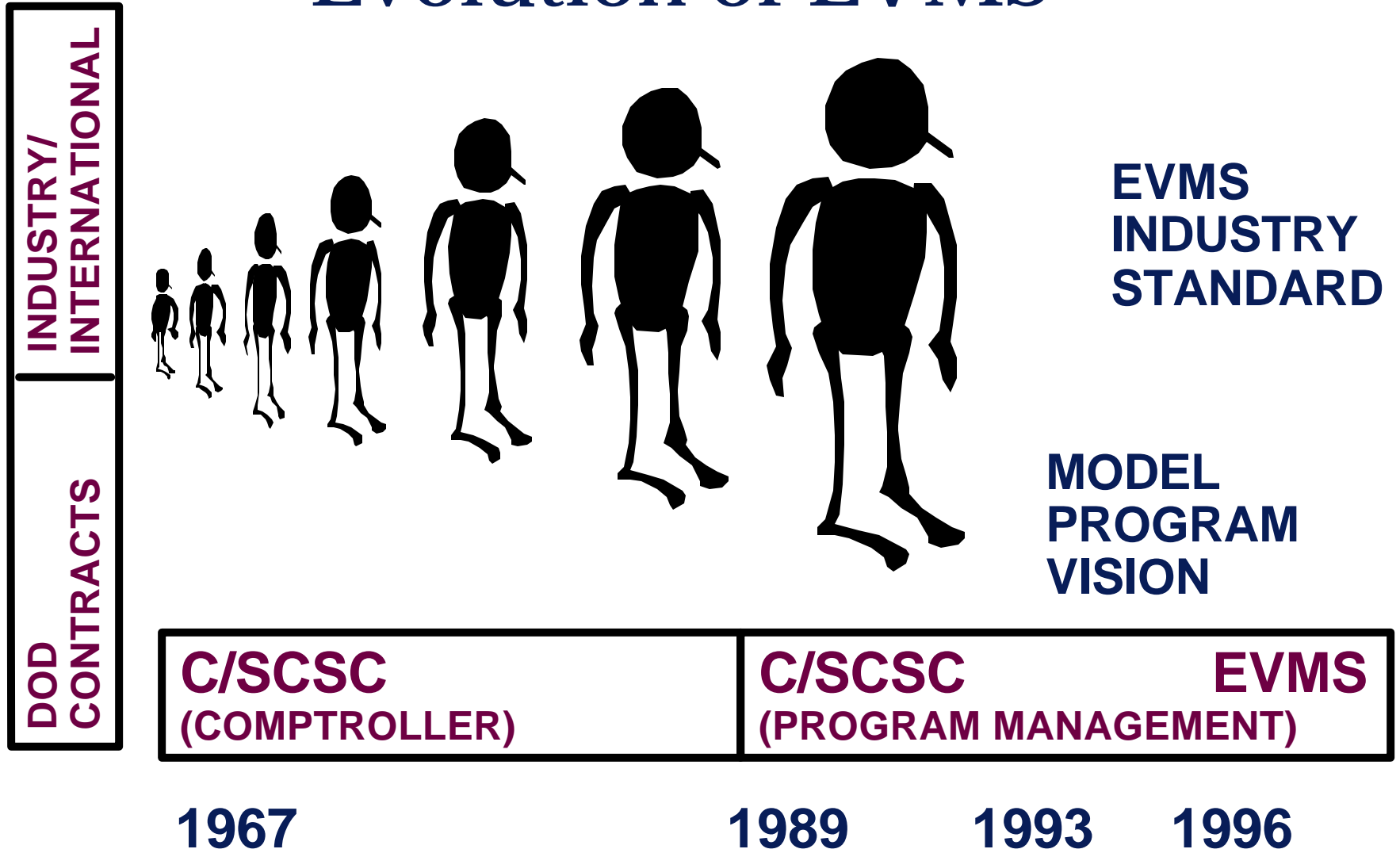
- Industry standard issued Aug. 96
 - » Signed by AIA, EIA, NSIA, ASA, SCA
- Ball *belongs to industry*
 - » DoD will borrow it for 5000.2-R
- OSD role is to protect public interest
 - » 5000.2-R, DFARS clauses, guidance being revised
 - » Workshops to identify & address issues



DRAFT Policy Memorandum

- Adopts 32 EVMS guidelines as immediate replacement for 35 C/SCSC
 - » New 5000.2-R baseline requirement
- Reserves right for appropriate reviews
 - » As determined by DCMC and/or DoD PM
 - » Does not accept self-certification
- Encourages evolution to “true” standard
 - » Industry (ANSI) and/or International (ISO)

Evolution of EVMS



Conceptual Models

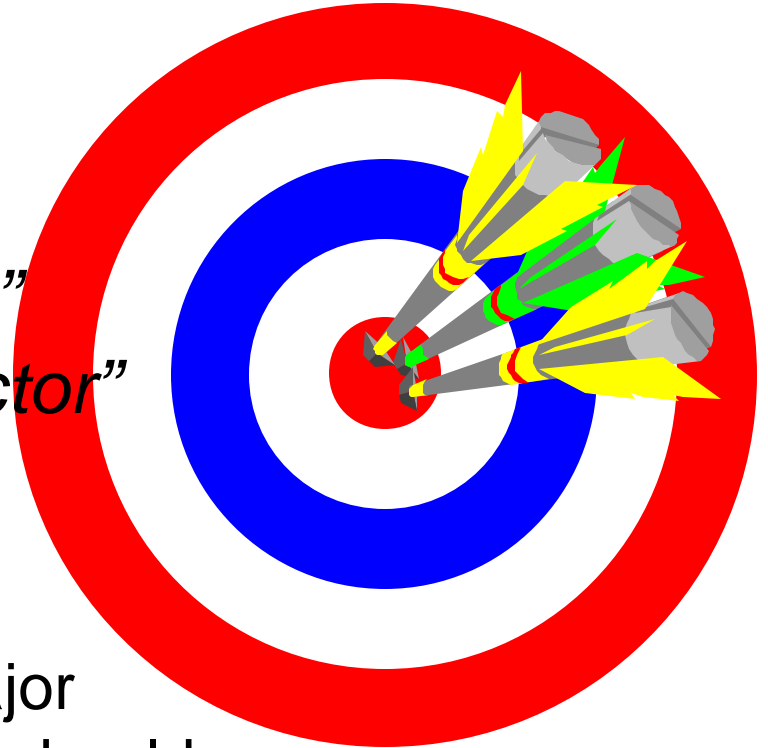
- Reconciling government and commercial practices
- “Who certifies?”



Government/Commercial Practices

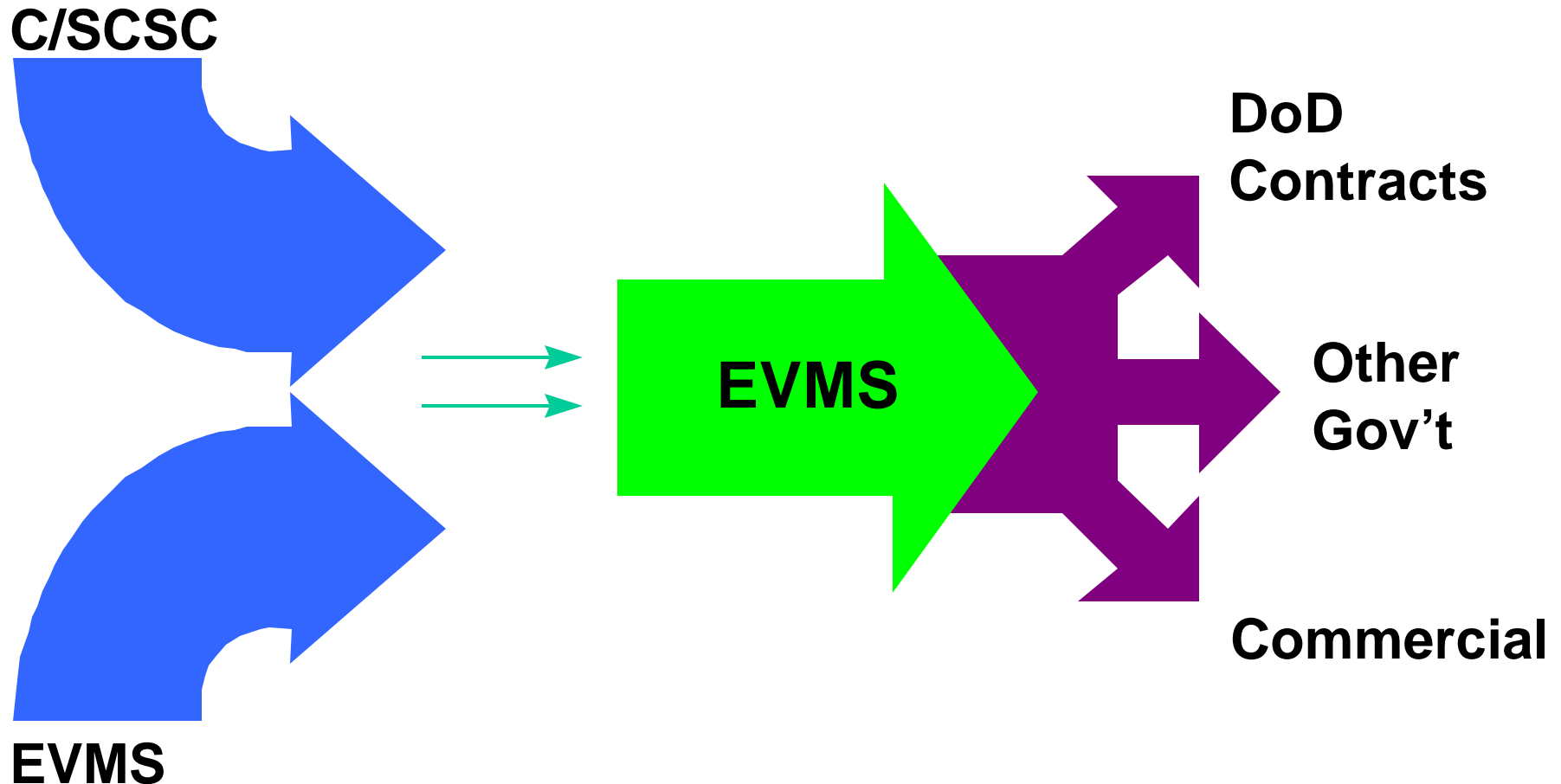
3 LEVELS:

- “Core”
- “Enterprise”
- “Public Sector”



“Industry Standard Guidelines for EVMS” suggests there are no major differences in the **principles** that should be used for management of complex projects in government and industry. We should shift our attention to the **practices**.

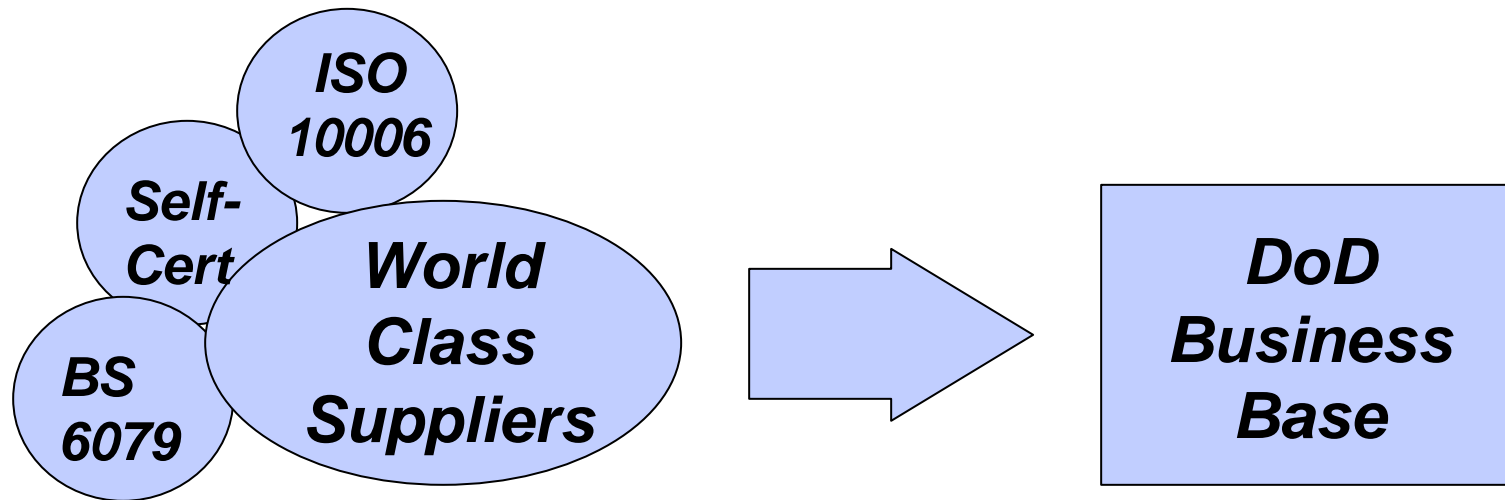
Reconciled Practices



Who Certifies?

3 Possible Scenarios

1) Rely on 3rd party and/or industry certification



Who Certifies?

3 Possible Scenarios--Cont'd

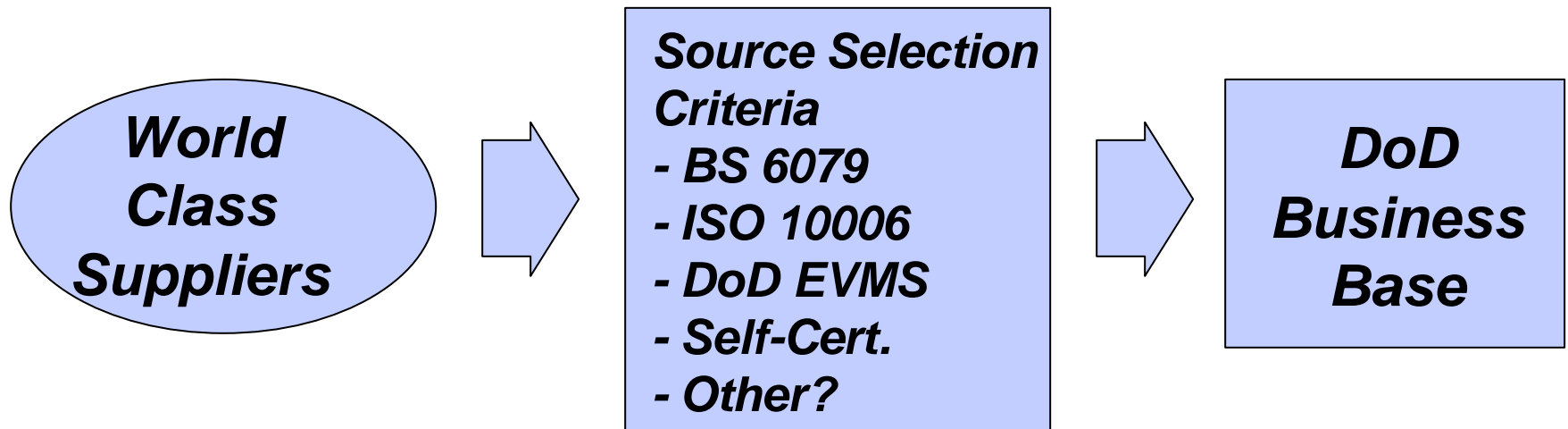
2) Grant DoD Certification (Status quo)



Who Certifies?

3 Possible Scenarios--Cont'd

3) Include 3rd party, industry, and/or DoD EVMS at time of each acquisition



“You hold the key...”

